

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. 15-_____
v.	:	DATE FILED: <u>September 15, 2015</u>
PATRICK SQUIRES	:	VIOLATIONS:
JAMES N. ANDERS, JR.	:	18 U.S.C. § 371 (conspiracy to commit
ERNEST NEFF	:	wire fraud - 1 count)
	:	18 U.S.C. § 1343 (wire fraud - 5 counts)
	:	18 U.S.C. § 2 (aiding and abetting)
		Notice of Forfeiture

INDICTMENT

COUNT ONE

(Conspiracy)

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

BACKGROUND

1. Defendant JAMES N. ANDERS, JR. was maintenance director of the Bristol Township School District ("BTSD"). Under the Pennsylvania School Code and the policies of the Bristol Township School Board, defendant ANDERS was required to obtain in writing or by telephone, at least three quotations from independent sources for supplies, equipment or services when the contemplated expenditure was greater than or equal to \$4,000 and less than \$10,000. School district policy prohibited purchases made from an employee of the school district or a member of the employee's immediate household.

2. Healthcare Basics, Inc., a/k/a HCB Inc., was a New Jersey business founded and controlled by defendant PATRICK SQUIRES. Defendant ERNEST NEFF worked at defendant

SQUIRES'S direction.

3. Nelson Service Group, LLC was a company founded and controlled by defendant JAMES N. ANDERS, JR. and his son.

4. From in or about September, 2006 to in or about September 2011, in the Eastern District of Pennsylvania and elsewhere, defendants

**PATRICK SQUIRES
JAMES N. ANDERS, JR., and
ERNEST NEFF**

conspired and agreed, together and with others known and unknown to the grand jury, to commit an offense against the United States, that is, to knowingly devise a scheme to defraud Bristol Township School District and to obtain money and property from it by means of false and fraudulent pretenses, representations, and promises, and to use interstate wire communications to further the scheme to defraud, in violation of Title 18, United States Code, Section 1343.

MANNER AND MEANS

It was part of the conspiracy that:

5. Defendant JAMES N. ANDERS, JR. abused his position at Bristol Township School District (BTSD) in various ways to enrich himself, defendant PATRICK SQUIRES and defendant ERNEST NEFF, and to advance their personal business interests, causing a loss to BTSD of approximately \$373,453.43.

6. Defendants JAMES N. ANDERS, JR. and PATRICK SQUIRES agreed that a SQUIRES-controlled company would submit the winning quote on a dozen BTSD maintenance department purchases of between \$4,000 and \$10,000. Defendant SQUIRES determined which of his companies would submit quotes to defendant ANDERS. Defendants SQUIRES, ERNEST

NEFF, and others acting at SQUIRES'S direction, drafted quotes for the SQUIRES companies. The SQUIRES quotes were not intended to be competitive or to secure BTSD's acceptance; rather, the SQUIRES quotes were designed to mislead BTSD by giving the appearance of genuine competitive quotes and compliance with BTSD policy and state statute. Upon receipt of three quotes from SQUIRES-related companies, defendant ANDERS submitted the lowest SQUIRES quote for approval by BTSD officials, which accepted the recommendation.

7. To mislead BTSD, defendant PATRICK SQUIRES rotated the quotes, so that different SQUIRES-related companies took turns being the low quote recommended by defendant JAMES N. ANDERS, JR.

8. To mislead BTSD, defendant PATRICK SQUIRES used the names of other businesses, including PRC Supply, a Virginia-based company originally founded by defendant SQUIRES's brother.

9. To mislead BTSD, defendant PATRICK SQUIRES created additional business entities, including Township Supply, Bellows HVAC Supply, and Supply Source, to supply BTSD. These business entities conducted little to no actual work, and used Pennsylvania addresses, all to defraud BTSD by appearing to be unrelated to Healthcare Basics, a/k/a HCB, Inc.

10. Defendant PATRICK SQUIRES used existing business names, including PRC Supply, On-Site Equipment, A&E Equipment, and Jaspan Heating and Cooling, sometimes without the knowledge or consent of the true owners, to defraud BTSD by invoicing defendant ANDERS at BTSD and appearing to be unrelated to Healthcare Basics a/k/a HCB, Inc.

11. Defendant PATRICK SQUIRES created additional business entities with defendant ERNEST NEFF, including Industrial Edge Supply LLC and Del-Val Products, LLC,

using Pennsylvania addresses, all to defraud BTSD by appearing to be unrelated to Healthcare Basics, Inc., a/k/a HCB Inc.

12. To avoid the policy and statutory requirements on BTSD maintenance department purchases of between \$4,000 and \$10,000, defendants JAMES N. ANDERS, JR. and PATRICK SQUIRES agreed to split BTSD purchases into smaller transactions which could be purchased on the sole authority of defendant JAMES N. ANDERS, JR. Defendant JAMES N. ANDERS, JR. agreed to direct the split maintenance department supply and service purchases to defendant PATRICK SQUIRES and Healthcare Basics, Inc., a/k/a HCB Inc.

13. In summer, 2007, after BTSD officials complained to defendant JAMES N. ANDERS, JR. about the amount of purchases from Healthcare Basics, Inc., a/k/a HCB Inc., to mislead BTSD, defendants ANDERS and PATRICK SQUIRES directed the purchases to other SQUIRES related companies.

14. Defendant PATRICK SQUIRES extracted a broker's fee from contractors by marking up the invoices for contractor services and causing them to be submitted to defendant JAMES N. ANDERS, JR. As a result, BTSD paid an extra 10% to 30% for services supplied by these contractors.

15. In or about June 2011, defendant JAMES N. ANDERS, JR. used his company, NELSON SERVICES GROUP, to perform services at a BTSD elementary school. To avoid the prohibition on self-dealing and disguise the true nature of the transaction, in or about June, 2011, defendant ANDERS provided Contractor No. 1 with invoices and asked Contractor No. 1 to invoice BTSD for the work. Contractor No. 1 refused.

16. In August, 2011, defendants JAMES N. ANDERS, JR. and PATRICK SQUIRES

caused the NELSON SERVICES GROUP work to be falsely invoiced under a SQUIRES-controlled company. Defendant SQUIRES used an HCB bank account to pay defendant ANDERS, in anticipation of getting paid by BTSD for the NELSON SERVICES GROUP work. On or about August 18, 2011, BTSD prepared a check to SQUIRES-controlled company for the NELSON SERVICES GROUP work falsely invoiced under the SQUIRES-controlled company.

OVERT ACTS

In furtherance of the conspiracy and to accomplish its object, defendants PATRICK SQUIRES, JAMES N. ANDERS, JR. and ERNEST NEFF committed the following overt acts, among others, in the Eastern District of Pennsylvania and elsewhere:

1. In or about September 2006, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from two SQUIRES-controlled companies (HCB and Jaspan Heating & Cooling) for a BTSD maintenance purchase. Defendant JAMES N. ANDERS, JR. recommended to BTSD officials that HCB get the award.
2. In or about September 2007, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Township Supply) for a BTSD maintenance purchase. On or about September 19, 2007, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Township Supply get the award.
3. On or about October 4, 2007, defendant PATRICK SQUIRES formed Township Supply and Bellows HVAC Supply, Inc.
4. In or about October 2007, defendant PATRICK SQUIRES caused to be submitted

to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Bellows) for a BTSD maintenance purchase. On or about October 5, 2007, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Bellows get the award.

5. In or about November, 2007, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Township Supply) for a BTSD maintenance purchase. On or about November 30, 2007, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Township Supply get the award.

6. In or about November 2007, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Township Supply) for a BTSD maintenance purchase. On or about November 21, 2007, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Township Supply get the award.

7. In or about July 2008, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Township Supply) for a BTSD maintenance purchase. On or about July 22, 2008, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that HCB get the award.

8. In or about August 2008, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from two SQUIRES-controlled companies (HCB and Township Supply) for a BTSD maintenance purchase. On or about August 11, 2008, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Township Supply get the award.

9. In or about September 2008, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Bellows) for a BTSD maintenance purchase. On or about September 12, 2008, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Township Supply get the award.

10. In or about December 2008, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Township Supply) for a BTSD maintenance purchase. On or about December 8, 2008, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that HCB get the award.

11. In or about December 2008, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and Township Supply) for a BTSD maintenance purchase. On or about December 8, 2008, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Township Supply get the award.

12. In or about February 2009, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (HCB, PRC Supply, and A&E) for a BTSD maintenance purchase. On or about February 2, 2009, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that HCB get the award.

13. On or about December 10, 2009, defendants PATRICK SQUIRES and ERNEST NEFF formed Industrial Edge Supply, LLC.

14. On or about December 22, 2009, defendants PATRICK SQUIRES and ERNEST

NEFF formed Del-Val Products, LLC.

15. In or about July 2010, defendant PATRICK SQUIRES caused to be submitted to defendant JAMES N. ANDERS, JR. quotes from three SQUIRES-controlled companies (Supply Source, Del-Val and Industrial Edge) for a BTSD maintenance purchase. On or about July 1, 2010, defendant JAMES N. ANDERS, JR. recommended to BTSD officials that Industrial Edge get the award.

16. On or about October 21, 2010, defendants PATRICK SQUIRES and ERNEST NEFF caused check #72438 in the amount of \$5484.60 from Bristol Township School District to Industrial Edge Supply to be deposited into Industrial Edge Supply's bank account.

17. On or about July 21, 2011, defendants PATRICK SQUIRES and ERNEST NEFF caused check #52413 in the amount of \$7,225.56 from Bristol Township School District to Del-Val Products Inc. to be deposited into Del-Val Products bank account.

18. On or about July 21, 2011, defendants PATRICK SQUIRES and ERNEST NEFF caused check #52423 in the amount of \$1048.46 from Bristol Township School District to Del-Val Products Inc. to be deposited into Del-Val Products bank account.

19. In or about August 2011, defendants JAMES N. ANDERS, JR. and PATRICK SQUIRES caused 11 false and fraudulent invoices to be submitted to BTSD for a total of \$11,527.04. The invoices falsely stated that a company called A&E installed parking lot lights and video security cameras at a BTSD elementary school, to disguise the fact defendant ANDERS's own company, Nelson Service Group, performed the work.

20. On or about August 3, 2011, defendant PATRICK SQUIRES caused Healthcare Basics to write check # 12514 to Nelson Service Group in the amount of \$8,630.26. That same

day, defendant JAMES ANDERS caused that check to be deposited into the bank account of Nelson Service Group.

21. On or about August 12, 2011, defendant PATRICK SQUIRES caused Healthcare Basics to write check # 12534 to Nelson Service Group in the amount of \$2,000.00 with the memo “Light Repairs” On or about August 15, 2011, defendant JAMES N. ANDERS, JR. caused that check to be deposited into the bank account of the Nelson Service Group.

All in violation of Title 18, United States Code, Section 371.

COUNTS TWO THROUGH SIX

(Wire Fraud)

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1-4 of Count 1 of this indictment are incorporated here.

The Scheme to Defraud

2. Between in or about September 2006 and in or about September 2011, defendants

**PATRICK SQUIRES
JAMES N. ANDERS, JR., and
ERNEST NEFF**

devised and intended to devise a scheme to defraud the Bristol Township School District, and to obtain money and property from it by means of knowingly false and fraudulent pretenses, representations, and promises.

Manner and Means

3. It was part of the scheme to defraud that defendants PATRICK SQUIRES, JAMES N. ANDERS, JR., and ERNEST NEFF engaged in the manner and means described in paragraphs 5-14 of Count 1 of this indictment.

4. On or about each of the dates set forth below, in the Eastern District of Pennsylvania and elsewhere, defendants

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for the purpose of executing this scheme, and attempting to do so, and aiding and abetting its execution, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below, each transmission constituting a separate count:

COUNT	DATE (on or about)	DESCRIPTION
2	October 21, 2010	Interstate wire transmission from New Jersey to Pennsylvania through TD Bank, processing check #72438 in the amount of \$5484.60 from Bristol Township School District to Industrial Edge Supply
3	July 21, 2011	Interstate wire transmission from New Jersey to Pennsylvania through TD Bank, processing check #52413 in the amount of \$7,225.56 from Bristol Township School District to Del-Val Products Inc.
4	July 27, 2011	Interstate wire transmission from New Jersey to Pennsylvania through TD Bank, processing check #52423 in the amount of \$1048.46 from Bristol Township School District to Del-Val Products Inc.
5	August 3, 2011	Interstate wire transmission from New Jersey to Pennsylvania through TD Bank, processing check #12514 in the amount of \$8630.26 from Healthcare Basics to Nelson Service Group
6	August 15, 2011	Interstate wire transmission from New Jersey to Pennsylvania through TD Bank, processing check #12534 in the amount of \$2,000.00 from Healthcare Basics to Nelson Service Group

All in violation of Title 18, United States Code, Section 1343 and 2.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 371 and 1343, set forth in this indictment, defendants

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shall forfeit to the United States of America any property that constitutes, or is derived from, proceeds obtained directly or indirectly from the commission of such violations including, but not limited to, the sum of \$373,453.43.

2. If any of the property subject to forfeiture, as a result of any act or omission of the defendant(s):

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- (c) has been placed beyond the jurisdiction of the Court;
- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 18, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant(s) up to the value of the property subject to forfeiture.

All pursuant to Title 28, United States Code, Section 2461(c) and Title 18, United States Code, Section 981(a)(1)(C).

A TRUE BILL:

FOREPERSON


ZANE DAVID MEMEGER
United States Attorney